

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
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**FISCAL IMPACT STATEMENT**

**LS 7569**

**BILL NUMBER:** SB 235

**DATE PREPARED:** Feb 14, 2001

**BILL AMENDED:** Feb 13, 2001

**SUBJECT:** Septic System Grants.

**FISCAL ANALYST:** Bernadette Bartlett

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**FUNDS AFFECTED:** ☒ **GENERAL**  
☒ **DEDICATED**  
**FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** (Amended) This bill permits the Budget Agency to provide grants to political subdivisions from the Supplemental Drinking Water Assistance Fund for repair and replacement of failing sewage disposal systems. The bill establishes the Sewage Disposal System Fund for the purpose of providing grants to local health departments for educational efforts designed to improve the sanitation and safety of sewage disposal systems. The bill directs the Budget Agency, after consultation with interested entities, to establish terms and conditions under which it will provide the grants.

**Effective Date:** Upon passage; July 1, 2001.

**Explanation of State Expenditures:** (Revised) Currently, local units can apply for grants from the Supplemental Drinking Water and Wastewater Assistance Fund to fund improvements associated with public water systems and for wastewater or storm water collection and treatment systems. This bill permits the Budget Agency to make grants to political subdivisions for repair and replacement of failing sewage disposal systems. Since 1995 approximately \$70 M has been appropriated to the fund. The majority of the appropriation has been used for grants with about \$20 M in ongoing loans. The impact of the above proposal is indeterminable and will depend on the number and nature of additional grants that result.

The Budget Agency must establish the terms and conditions under which it will make the grants. Costs associated with the administration of the Supplemental Fund are to be paid from money in the fund.

The bill also establishes the Sewage Disposal System Fund. However, there are no appropriations to the fund in the bill. The Budget Agency is to administer the fund, and the Agency must establish written procedures for making grants to local health departments. The Budget Agency may consult with the State Department of Health and any other appropriate agency in determining eligibility for funding. The expenses of administering the fund are to be paid from money in the fund.

**Explanation of State Revenues:** (Revised) With respect to the Sewage Disposal System Fund, the fund consists of appropriations, grants and gifts, and earnings on the fund. The Budget Agency must invest money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds are invested. Money in the fund at the end of the fiscal year does not revert to the State General Fund.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** (Revised) Local units may be eligible to receive grants from the Supplemental Drinking Water Assistance Fund for repair and replacement of failing sewage disposal systems. A local health department may apply for a grant from the Sewage Disposal System Fund for educational efforts designed to improve the sanitation and safety of sewage disposal systems if money is deposited in the fund.

**State Agencies Affected:** Budget Agency and the State Department of Health.

**Local Agencies Affected:** Political Subdivisions and Local Health Departments.

**Information Sources:** Rich Emery, State Budget Agency, 232-0759.